

Message Text

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SUBJ: ECONOMIC COOPERATION: FIRST MEETING OF SAUDIA

ARABIAN-MALAYSIAN JOINT COMMISSION

1. IN ACCORDANCE WITH ECONOMIC AND TECHNICAL COOPERATION AGREEMENT BETWEEN MALAYSIA AND SAUDIA ARABIA SIGNED JANUARY 1975 DURING PRIME MINISTER RAZAK'S VISIT TO JIDDA, SAUDI-MALAYSIAN JOINT COMMISSION HELD FIRST MEETING IN K.L. AUGUST 9-11. SAUDI DEL HEADED BY MINISTRY OF FOREIGN AFFAIRS DEPUTY MINISTER FOR ECONOMIC AND CULTURAL AFFAIRS SHEIK ABDULLAH MUHAMMAD ALIREZA. MALAYSIAN DEL HEADED BY MINISTRY OF FOREIGN AFFAIRS SECRETARY GENERAL DATUK ZAKARIA BIN MOHD. ALI.

2. JOINT COMMISSION STATEMENT ISSUED AFTER MEETING STATED THAT DEVELOPMENT PHILOSOPHIES AND STRATEGIES OF RESPECTIVE COUNTRIES REVIEWED AND AGREEMENT REACHED ON FRAMEWORK TO FORMALIZE PROSPECTS AND PROPOSALS FOR COOPERATION. JOINT COMMISSION WAS BRIEFED ON FINANCE REQUIREMENTS OF THIRD MALAYSIA PLAN. LIST OF PROJECTS REQUIRING FINANCING TO BE SUBMITTED TO SAUDI FUND FOR DEVELOPMENT FOR CONSIDERATION. THESE PROJECTS WOULD BE IN ADDITION TO PROJECTS ALREADY FINANCED BY SAUDI FUND.

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3. AGREEMENT REACHED THAT COOPERATION WOULD BE IN FIELDS OF HEALTH, COMMUNICATION, PUBLIC ADMINISTRATION, AGRICULTURE, EDUCATION AND TECHNICAL TRAINING. FURTHER MEETINGS ENVISAGED TO DISCUSS DETAILS OF IMPLEMENTATION.

4. COMMISSION RECOGNIZED IMPORTANCE OF PEOPLE-TO-PEOPLE CONTACTS AND AGREED TO FURTHER INTENSIFY AND DIVERSIFY SUCH.

5. RECOGNIZING IMPORTANCE OF TRADE AND INVESTMENT BETWEEN TWO COUNTRIES THE JOINT COMMISSION AGREED:

"(1) MALAYSIAN EXPORTERS COULD BE ENCOURAGED TO INCREASE THEIR ACTIVITIES IN SAUDI ARABIA AND WAYS AND MEANS SHOULD BE FOUND TO OVERCOME THE PRESENT SHIPPING DIFFICULTIES;

(2) SINCE THE SAUDI ARABIAN MARKET IS A HIGHLY COMPETITIVE AND OPEN ONE, MALAYSIAN EXPORTS HAVE TO BE COST COMPETITIVE;

(3) EXCHANGE OF VISITS BETWEEN BUSINESSMEN OF BOTH COUNTRIES UNDER SPONSORSHIP OF THEIR RESPECTIVE CHAMBERS OF COMMERCE SHOULD BE ENCOURAGED;

(4) MALAYSIA CAN TAKE STEPS TO LAY THE GROUNDWORK FOR POSSIBLE SAUDI INVESTMENT IN MALAYSIA THROUGH APPROPRIATE ARRANGEMENTS;

(5) MALAYSIAN SERVICE COMPANIES, E.G. INSURANCE COMPANIES AND CONSULTANT SERVICES, COULD BE ENCOURAGED TO EXTEND THEIR ACTIVITIES TO SAUDI ARABIA."

6. SHEIK ABDULLAH ALSO MET WITH MALAYSIAN PRIME MINISTER, AND MINISTERS OF FINANCE, TRADE AND INDUSTRY, FOREIGN AFFAIRS AND MINISTER WITHOUT PORTFOLIO CHONG IN PRIME MINISTER'S DEPARTMENT.

7. COMMENT: GOM IS OF COURSE VERY INTERESTED I SAUDI DEVELOPMENT FUND LOANS BECAUSE OF VERY FAVORABLE INTEREST RATE AND TERMS. FOUR LOAN AGREEMENTS SIGNED WITH SAUDI FUND DURING 1975 TOTALED M\$191.2 MILLION. GOM HOPES TO OBTAIN ADDITIONAL LOANS FOR IMPLEMENTATION OF THIRD MALAYSIA PLAN AND SPECIFICALLY UNCLASSIFIED

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INDICATES M\$250 MILLION FROM SAUDI ARABIA AND KUWAIT. GOM ALSO INTERESTED IN INCREASING EXPORTS TO SAUDI ARABIA ALTHOUGH THEIR ABILITY TO COMPETE IN THIS MARKET REMAINS TO BE DEMONSTRATED. UNDERHILL

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